

Message Text

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C O N F I D E N T I A L KINSHASA 2007

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, ECON, CG

SUBJECT: ZAIRE FINANCIAL SITUATION: SMTF AND IMF

REF: STATE 51575 (NOTAL)

1. DEVLIN AND I HAVE BEEN CONSULTING CLOSELY AND HE HAS BRIEFED ME AS FOLLOWS ON HIS FEB 9 MEETING WITH PRESIDENT MOBUTU. HE DID HIS BEST TO CONVEY REFTEL MESSAGE RE UTILITY IMF PROGRAM AND NEED RESTORE CONFIDENCE AMONG INTERNATIONAL BANKERS AS NECESSARY TO INSURE SMTF COPPER INVESTMENT HAS FINANCING. HOWEVER, AS WE HAD ANTICIPATED IN LIGHT DINI MEETING, MOBUTU SIAD HE HAD BETTER ALTERNATIVE, WHICH HE TOLD DEVLIN FULLY SATISFIED DINI AND IMF. (I DO NOT BELIEVE DINI WAS SATISFIED.) ALTERNATIVE IS, OF COURSE, RESORT TO AVAILABLE IMF FACILITIES PLUS FRENCH-ARRANGED LOAN IN "HUNDREDS OF MILLIONS OF DOLLARS."

2. PRESIDENT TOLD DEVLIN OF HIS DISAPPOINTMENT IN US BANKS, OF HIS CONCLUSION SECRETARY KISSINGER IS ILL-DISPOSED TOWARDS ZAIRE, AND PAINTED PICTURE ON CONTRARY OF FRENCH AND WEST GERMANS BEING EXTREMELY HELPFUL. HE SIAD VISIT OF GERMAN STATE MINISTER FOR FOREIGN AFFAIRS WISCHNEWSKI HAD RESOLVED OUTSTANDING SMALL PROBLEM OF DANZER AND THAT GERMANS BY 1980 INTENDED HAVE LARGEST FOREIGN
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INVESTMENT IN ZAIRE. FRENCH INSTEAD OF THREATENING AND

ASKING FOR PAYMENT OF SUMS DUE HAD RECEIVED BISENGIMANA, WHOSE TRIP ALLEGEDLY WAS ARRANGED BY "FRANCO-ZAIRIAN FREINDSHIP SOCIETY", AND SERVED AS INTERMEDIARY TO WORK OUT LARGE LOAN OF PETRODOLLARS. BISENGIMANA HAD SEEN PRIME MINISTER CHIRAC AND MINISTER OF FINANCE FOURCADE. HE, MOBUTU, EXPECTED LOAN TO BE SIGNED ABOUT APRIL 10 AND TO HAVE FUNDS BY END OF APRIL. (I WISH WE KNEW WHICH BANKS ARE INVOLVED AND MORE ABOUT WHAT TERMS AND CONDITIONS ARE TO BE.)

3. DEVLIN SAID PIERRE DAVISTER, LONG-TIME MOBUTU CONFIDANT, SEPARATELY HAS TOLD BELGIANS HERE THAT LOAN IS FOR \$240 MILLION (I DID NOT TELL DEVLIN WHAT DINI TOLD ME RE AMOUNT.)

4. AS FOR CHARGES THAT US BANKS WERE UNCOOPERATIVE, THREATENING, ETC., DEVLIN POINTED OUT THAT EXPORT-IMPORT BANK AND AMERICAN AMBASSADOR WERE DURING THEIR BEST BOTH FOR SMTF AND INGA-SHABA LINE. PRESIDENT ALLEGED US BANKS WERE IN ALLIANCE WITH BELGIAN BANKS IN TRYING DISCREDIT REGIME AND HE CITED THREATS OF MORGAN. (THIS IS NEW ONE TO ME UNLESS PRESIDENT IS CONFUSED AND IS THINKING OF MORGAN GRENDEL WHICH, OF COURSE, IS BRITISH.) PRESIDENT ALSO ASKED DEVLIN TO URGE TEMPELSMAN TO USE HIS INFLUENCE WITH US GOVERNMENT TO GET FAVORABLE IMF DECISION ON OIL FACILITY DRAWING. DEVLIN SUGGESTED PRESIDENT SHOULD TALK TO ME ABOUT THIS BUT ALLEGEDLY PRESIDENT INDICATED I WAS TOO CLOSELY ASSOCIATED WITH SECRETARY KISSINGER - WHO IS SEEN AS DOWN ON AFRICA IN GENERAL AND ZAIRE IN PARTICULAR - TO BE HELPFUL BUT AFTER SOME DISCUSSION HE TOLD DEVLIN HE MIGHT HAVE SOMEONE ELSE TALK TO ME ABOUT IT. HE DID TELL DEVLIN THAT HE HAD NO PROBLEM WITH DEVLIN BRIEFING ME ON CONVERSATION.

5. WHEN IT WAS CLEAR MOBUTU HAD ALTERNATIVE TO IMF, DEVLIN SUGGESTED THAT PERHAPS CONTRACT WITH MAJOR AMERICAN BANK OR CONSULTING COMPANY, E.G., ARTHUR D. LITTLE, FOR HELP IN RUNNING ZAIRE'S REFORM PROGRAM WOULD HELP RESTORE CONFIDENCE OF BANKING COMMUNITY. MOBUTU CONFIDENTIAL

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DID NOT BUY THIS EITHER EXCEPT TO SAY THAT PERHAPS AFTER APRIL WHEN HE HAD NEEDED FUNDS, HE WOULD BE WILLING TO DISCUSS SITUATION WITH TEMPELSMAN. MOBUTU IS REPORTED TO HAVE SAID, "WHEN I WENT INTO THE UNION MINIERE DISPUTE, I DIDN'T HAVE A SOU IN THE CASHBOX. THIS TIME I MUST WAIT UNTIL I HAVE SOME MONEY IN HAND BEFORE I SIT DOWN TO TALK." HE ALSO THOUGHT THAT WHEN HE WAS IN STRONGER POSITION TO NEGOTIATE, HE WOULD LIKE TO TALK WITH

LEADING US BANKERS, MENTIONING DAVID ROCKEFELLER.
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